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National Intelligence Bulletin

Top Secret

17 December 1974

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Nº 654

State Dept. review completed

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Approved For Release 2007/03/07 : CIA-RDP79T00975A027200010050-4

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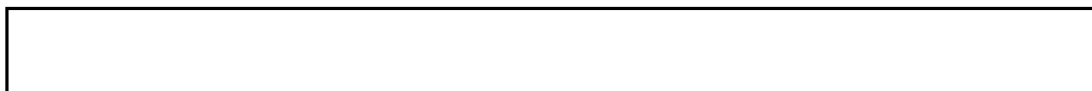
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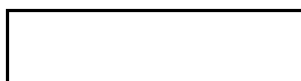
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EGYPT

President Sadat, in his first public comment on negotiating prospects for some time, said on Sunday that he is continuing talks with the US to probe the continued usefulness of the step-by-step approach to peace negotiations favored by Washington.

Sadat was critical, however, of the "slack" in negotiating momentum since the Egyptian and Syrian disengagement agreements in January and May. He asserted that if progress is not soon evident, "We will be going to Geneva according to the Soviet theory." Sadat said he would make a decision on this in the "very near future."

His comments clearly indicate a desire to keep the step-by-step option open. He made no reference to Foreign Minister Fahmi's statement of last Friday, with its list of tough conditions for a final settlement.

Sadat's remarks also make it clear that Cairo's patience may be growing short. He had never before pointed so openly to the Soviet alternative to the US method of negotiating. His reference to the "very near future" may mean that he has Soviet party chief Brezhnev's visit next month in mind as a deadline for action.

Sadat referred to "rigid positions" recently adopted by the Israelis and said they have clouded his usual optimism. Although the Egyptians may be willing for the present to shelve their own new rigid stands--on immigration, for instance--Sadat's remarks suggest that this restraint may well depend on signs that Israel is willing to reciprocate.

An aide of Fahmi has told US officials in Cairo that there will be no official explanation of Fahmi's demand for an end to Israeli immigration. The aide termed the demand a "disaster" and said he hoped it would soon be forgotten.

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USSR

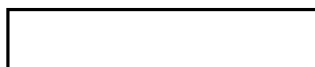
The Soviet party Central Committee held a one-day session yesterday to discuss and approve the economic plan and state budget for 1975.

The plenum accomplished the minimum in terms of personnel shifts when it removed Petr Demichev from the post of party secretary for propaganda and cultural affairs but failed to choose a successor. Demichev's removal was expected because of his recent appointment to a line position in the government as minister of culture. He remains a candidate member of the Politburo.

General Secretary Brezhnev delivered the closing speech at the plenum, which earlier had heard reports from Deputy Premier and planning chief Baybakov and from Finance Minister Garbuzov. Neither the speeches nor the text of the plenum's resolution, which apparently focuses on economic issues, is yet available.

The failure to announce a replacement to fill the vacancy created by Demichev's departure suggests either that one of the other incumbent secretaries has picked up Demichev's work in the secretariat or that the leadership has not decided whom to choose. Whoever gets the job will have a direct impact on the implementation of cultural policy, and thus on the USSR's image abroad during a time of detente.

The plenum's decisions on the budget and economic plan will be approved at a meeting of the Supreme Soviet tomorrow.



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EC

The agreements at Martinique reconciling US-French differences over the timing of a consumer-producer conference on international oil strategy will permit the Community to get on with its internal deliberations on energy policy. France's EC partners will welcome the agreements; they remove a source of serious friction between the US and the Community.

There will be a special EC Council meeting today at which energy policy will be discussed. The Commission wants agreement on overall Community energy objectives over the next decade, but the reduction in dependence on imports and the increase in Community energy production that the program entails are still considered unrealistic by some of the Nine. The Council will meet again in January to discuss the energy question, and the scheduling of a producer-consumer meeting in March, as well as a preparatory session among oil users, could spur EC action.

France reportedly is ready to propose today that EC members reduce oil imports by 8 to 10 percent during 1975. Paris has already decreed similar measures, but may run into opposition from Bonn, whose balance of payments is less affected by increasing oil costs.

The Commission is also proposing specific conservation measures aimed at attaining by 1985 a level of energy consumption that will be 15 percent lower than currently estimated. A paper outlining this plan is likely to be approved at today's Council meeting.

Even if the Community could agree now on overall energy objectives, more time would be required to overcome the many differences among the Nine on organizing the internal markets for oil, electricity, and coal. On oil, for example, the French presumably still want more Community control over prices and competition than the Germans are ready to accept. The question of how much to invest in uranium-enrichment facilities to ensure the adequacy of nuclear fuel supplies is also controversial.

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COLOMBIA

Continuing violent demonstrations throughout Colombia, and the serious economic problems underlying them, have raised fears among government leaders of possible military intervention.

President Lopez, hoping to offset military pressures, is considering declaring a state of siege later this month or early next year. This would smooth the implementation of unpopular economic measures, while simultaneously drawing the armed forces into the problem.

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The likelihood of an outright coup seems remote, but Lopez could well proclaim a state of siege, either nationally or in particularly disturbed areas of the country. Although the armed forces traditionally are less political in Colombia than in most Latin American countries, the possibility that Lopez would be acting in anticipation of military pressure would mean that a subtle form of intervention had already taken place.

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IRAQ

The Iraqi air force lost two aircraft to Iranian surface-to-air missiles this past weekend, according to Baghdad radio. One aircraft apparently was a TU-16 medium bomber and the other probably an SU-7 fighter-bomber.

The announcement claimed the aircraft were hit by American-made Hawk missiles fired by Iranian units operating in the Kurdistan area of Iraq.

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Since hostilities against the Kurds resumed some nine months ago, Baghdad has lost more than 40 aircraft, mostly to Kurdish antiaircraft fire. This is about 10 percent of Iraq's aircraft and helicopter force.

Yesterday's announcement probably is aimed at dramatizing Iran's increased involvement in the Kurdish rebellion. In the press release, Baghdad warned Tehran and "those standing behind it" that they would be held responsible for the "violations, intervention, and attacks."

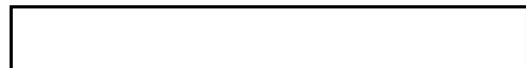
There is little Iraq can do, however, to force Iranian disengagement. With over 80 percent of their ground forces tied down fighting the Kurds, the Iraqis are likely to limit any retaliation to cross-border shelling or air strikes against border villages in Iran.

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